

Minutes of the Personnel Committee
Tuesday, November 15, 2005

Chair Paulson called the meeting to order at 1:00 p.m.

Present: Supervisors Duane Paulson (Chair), Jeff Morris, Bonnie Morris, Bob Thelen, and Genia Bruce. Rob Hutton arrived at 1:45 p.m. **Absent:** Tom Bullermann.

Also Present: Legislative Policy Advisor Mark Mader, County Board Chair Jim Dwyer, Employee Benefits Administrator Pete Hans, and Senior Risk Management Analyst Jeff Newcomb. Recorded by Mary Pedersen, County Board Office.

Announcements

Dwyer said he serves on the Supreme Court Policy Planning Advisory Committee and once a year they meet with the Supreme Court. This year's discussion centered on establishing court priorities for the next budget cycle. A report will be presented to the Senate and Assembly by February. Dwyer noted that if all fines and fees collected by the courts were retained by the courts, we'd be out of trouble. However, the state would be short on revenues. This is one of the issues being looked at. During a recent survey of local officials, judges, lawyers, the public, etc., the number one issue of concern was courthouse security. Another issue was alternatives to incarceration and it will be suggested that every county in the state have a Criminal Justice Collaborating Council. Waukesha County and a few others already have one. The results of this survey will aid in determining these priorities.

Update on Deferred Compensation Plan Study

Hans distributed copies of "Waukesha County Deferred Compensation Request for Information (RFI) Advisory Committee Meeting" as prepared by Dana Investment Advisors, Inc. dated October 26, 2005. Hans said the evaluation committee who reviewed the two proposals and developed recommendations consisted of himself, Larry Dahl of the Department of Administration, Supervisor Rob Hutton, Lee Esler of the County Board Office, and Tom Koth of the Sheriff's Department. Hans said they are currently conducting employee meetings for feedback. A detailed memo was also sent to employees last week and so far, feedback has been positive. He noted that Waukesha County does not contribute to this program and that it's fully funded by the employees.

Currently, both plan administrators (ICMA and Nationwide) charge asset fees, anywhere from 0.40% to 0.55%. Staff felt these fees were too high and during this process and with some larger plans elsewhere, asset fees aren't charged at all. Hans said ICMA won the evaluation process even after both vendors offered to eliminate these fees. This elimination will result in \$250,000 more in employees' accounts the first year. Hans said both vendors have also agreed to revenue sharing. ICMA offered \$65,000 to use for the plan while Nationwide offered \$25,000.

Hans said they looked at how well our funds perform and found that some were very good performers while others were mediocre or worse. He said it's important we offer funds that are decent performers at a low cost. He advised that 25% of our assets in Nationwide are in fixed accounts and is very inflexible. There are also financial risk factors involved with Nationwide since the investments are held by them. Although nothing is anticipated, there's still concern. Both plans were asked to provide committee members with their best fund lineup and overall, ICMA prevailed. In addition, ICMA's expenses are lower.

Hans went on to discuss the pros and cons of both options which are: 1) keep both vendors and implement an improved investment lineup; or 2) select ICMA as the sole provider and move to a “best in class” investment lineup. Hans said there are more advantages with option 2. Among them, it improves the County’s negotiating power, it provides better investment options, it eliminates the fixed accounts restriction, and the County can custom tailor its investment lineup and discontinue poor performing funds. Option 2 will allow us to develop a new model and have more control with better service and better returns.

Hutton arrived at 1:45 p.m.

Hans said if we choose option 2, one goal will be to have a top quality ICMA advisor on-site. Ultimately, staff also want to develop an investment committee, consisting of employees and an investment consultant, to do our own internal investment evaluations. Currently, both Nationwide and ICMA do a poor job of eliminating poor performing funds in a timely manner.

Staff will continue to gather and consider employee feedback prior to making a recommendation to the County Board. Any resulting program changes will not take effect until after January 1, 2006 to allow for sufficient time to prepare and conduct employee education meetings.

Ordinance 160-O-083: Modify Prescription Drug Benefits And Premium Policy Under The Retiree Health Insurance Plan

Hans said this ordinance involves modifying the prescription drug benefit and the premium policy under the retiree health insurance program. Hans said Medicare Part D is a good thing for retirees because the federal government will be paying about 75% of a retiree’s drugs through Medicare. This reduces the burden on employer-sponsored health plans so our premiums have gone down. This ordinance changes the co-pays, effective January 1, 2006, which Hans reviewed as outlined. He said in some instances the co-pays will be lower and in others they will be a little higher.

He said the one big issue with UnitedHealthcare is that this provides for what is called “donut holes” – a period when there is no coverage. It begins when a retiree’s total drug cost reaches \$2,250 and ends when total out-of-pocket expenses reach \$3,600. On the other hand, the Humana Gold Choice plan, recently implemented by the County, will provide coverage from \$1 and through the “donut hole.” Hans advised that they are providing an alternative for Medicare retirees to have full comprehensive drug coverage through Humana. Retirees can switch from UnitedHealthcare to Humana during the open enrollment period. UnitedHealthcare will review this policy after one year and decide whether or not to cover the “donut hole.” Hans said staff have made it clear to the retirees that the \$3,600 will be out-of-pocket before the plan starts covering prescription drugs again.

Hans said another issue is with the premium policy. When the County stopped subsidizing the retiree premiums by joining them with the active group several years ago, staff implemented a policy where newly hired retirees would be billed the lesser of the retiree premium rate or the active employee premium rate, the latter rate being typically lower. This was done for 18 months as a transition benefit to ease people into the retiree program premium cost. Hans said things have changed since then. From a benefits perspective, the retiree plan no longer looks anything like the active employee plan. They also recognized that that subsidy would have to be

booked as an unfunded liability because of the new federal accounting rules. Hans advised if we revert back to charging employees the established retiree premium rate, we will have eliminated that potential unfunded liability. There will also be no County subsidies. Retirees will pay the full retiree cost and there will no longer be a transition period. This will go into effect January 1, 2007 and will affect only people who retire prior to age 65.

MOTION: Bruce moved, second by Hutton to approve ordinance 160-O-083. Motion carried 6-0.

3rd Quarter Status Report on Worker's Compensation Claims

Newcomb discussed his report entitled "Waukesha County Worker's Compensation 2001-2005 Claims History Summary." By the end of the 3rd quarter of 2005, a total of 85 claims were opened and 50 remained open. He noted that 25 new claims were opened during the 3rd quarter, the majority of which were minor. The amount incurred was \$313,638. Since 2001 and by the end of the 3rd quarter of 2005, 564 claims had opened, 71 remained opened, and the total incurred was \$2,011,448. Newcomb went on to highlight some of the larger claims that had opened and those that had closed during the 3rd quarter.

Approve Minutes of 10-18-05

MOTION: Hutton moved, second by Thelen to approve the minutes of October 18th. Motion carried 6-0.

Schedule Next Meeting Dates

December 6th and 20th.

Chair's Executive Committee Report of 11-14

Paulson advised of the following issues discussed at the last two Executive Committee meetings.

- Approved ordinance 160-O-080 to accept Homeland Security Urban Area Security Initiative FY2005 Program Funding for the Emergency Preparedness Department.
- UW-Extension staff advised of a grant application for the Community Garden Program.
- Approved the appointment of Pat Haukohl to the Park & Planning Commission.

Closed Session

MOTION: B. Morris moved, second by Bruce to go into closed session at 2:20 p.m. in accordance with Section 19.85 (1)(e) Wis. Stats. for the purpose of discussing collective bargaining issues, and to approve the closed session minutes of previous meeting(s). Motion carried 6-0.

MOTION: J. Morris moved, second by Bruce to return to open session at 2:58 p.m. Motion carried 6-0.

MOTION: Thelen moved, second by B. Morris to adjourn at 2:59 p.m. Motion carried 6-0.

Respectfully submitted,

Bonnie J. Morris
Secretary